

PUBLIC DISCLOSURE

March 13, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SAVERS CO-OPERATIVE BANK

15 ELM STREET
SOUTHBRIDGE, MA 01550

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income geographies, consistent with the safe and sound operation of the institution. Upon the conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of SAVERS CO-OPERATIVE BANK prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “ Satisfactory”

The bank's CRA rating is based on its performance under the five criteria for small institutions. The bank's satisfactory rating is based on (1) an average net loan to deposit ratio of 95.0%; (2) a majority of loans granted within its assessment area; (3) a reasonable lending distribution among borrowers of different income levels; (4) a reasonable distribution of lending throughout the census tracts comprising the assessment area; and finally (5) a regular implementation of fair lending policies and procedures. No discriminatory lending practices were noted. The bank received no CRA complaints.

PERFORMANCE CONTEXT

Description of Institution

Savers Co-operative Bank is a community based financial institution incorporated as a Massachusetts co-operative bank in 1910. The bank's operations center and corporate headquarters is situated in downtown Southbridge, MA. Savers Co-operative Bank currently does business under the name, "Savers Bank". There are six full-service offices located in Southbridge, Sturbridge, Charlton, Auburn, Grafton and Uxbridge. All branch offices offer 24-Hour ATM service with network access. Savers Co-operative Bank is a member of the SUM network, an ATM surcharge free alliance of financial institutions.

As of December 31, 2000, Savers Co-operative Bank had total assets of \$257.4 million with total loans representing \$194.9 million or 75.7% of total assets. The table below depicts the composition of the bank's loan portfolio based on the FDIC Call Report of Condition.

Loan Portfolio as of December 31, 2000		
Type of Loans	\$'s (000's)	% of Total Loans
Construction & Land Development	20	0.0%
Residential Real Estate		
a. 1-4 Family Mortgages	151,157	77.5%
b. Home Equity Lines/Loans	9,504	4.9%
Multifamily	3,357	1.7%
Commercial Loans		
a. Commercial Real Estate.	11,366	5.8%
b. Commercial Loans	1,669	0.9%
Consumer Loans		
a. Credit Cards		0.0%
b. Loans to Individuals	17,873	9.2%
Other Loans		
Total	194,946	100.0%

Source: FDIC Call Report of Condition, 12/31/00

First mortgage loans secured by 1-4 family dwellings represent the majority (77.5%) of the bank's loan portfolio. Home equity/second mortgages combined with consumer loans comprise the second largest segment (14.1%) of the loan portfolio. Commercial

real estate and commercial & industrial loans (C&I loans) combined with multifamily loans (5 units or more) comprise the next largest segment (8.4%) of total loans.

Savers Co-operative Bank is primarily a portfolio mortgage lender with diversification in the commercial loan and consumer lending areas. Savers Co-operative Bank is a member of the Federal Home Loan Bank of Boston. The bank has been approved as a seller/servicer with FHLMC (Federal Home Loan Mortgage Corporation) since 1995, however, no loans have been sold to date. The bank's ability to meet community credit needs remains strong based on its resources, size and product offerings.

The bank has direct competition from several local financial institutions, as well as numerous mortgage companies. In 1999 there were a total of 344 HMDA-reporting lenders within the bank's assessment area. The top five competitors for mortgage lending within the bank's assessment area during this time were: (1) Countrywide Home Loans (4.7% market share); (2) Fleet Mortgage Corporation (3.8% market share); (3) Unibank (3.7% market share); (4) Southbridge Savings Bank (3.5% market share); and (5) Ohio Savings Bank (3.5% market share). These top five lenders combined held a 19.2% market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA) requirements. Savers cooperative bank was ranked 7th with a 3.09% market share.

The Division of Banks last conducted a CRA evaluation as of March 31, 1997. This evaluation resulted in a "Satisfactory" rating. The FDIC also conducted a CRA evaluation as of May 24, 1999, which resulted in a "Satisfactory" rating.

Description of Assessment Area

The Community Reinvestment Act (CRA) requires a financial institution to define an assessment area within which it will focus its lending efforts. The Division of Banks evaluates an institution's CRA performance based on its defined assessment area. Savers Co-operative Bank's assessment area includes the following Worcester County towns: Southbridge, Sturbridge, Charlton, Dudley, Webster, Oxford, Auburn, Millbury, Grafton, Sutton, Douglas, Uxbridge and Northbridge. These municipalities are situated within the Worcester, MA-CT Metropolitan Statistical Area (MSA). The Worcester, MA-CT MSA area median Family Household Income (FHI) was \$52,600 and \$54,400 for 1999 and 2000, respectively.

Based on the 1990 U.S. Census, the Worcester, MA metropolitan statistical area has a population of 436,905 individuals. The bank's assessment area has a population of 149,808 residents. The two largest population centers are Southbridge with 17,816 residents and Webster with 16,196 residents. The third and fourth largest communities within the assessment area are Auburn and Northbridge, which have 15,005 and 13,371 residents, respectively. These four communities comprised 62,388 individuals or 41.7% of the assessment area's population.

The assessment area contains 34 census tracts/geographies of which 6 or 17.6% are moderate-income; 26 or 76.6% are middle-income; 1 or 2.9% is upper-income and 1 or 2.9% has no income designation. There are no low-income census tracts in the bank's assessment area. The moderate-income census tracts are located in the towns of Southbridge (3), Webster (2) and Dudley (1). Both the upper-income census tract and the no income designation census tract are located in Grafton. The no income designation census tract houses the Tufts University School of Veterinary Medicine, the Grafton Job Corp (a federal funded job training program) and a Key Program Facility (a state residential facility for at-risk youth).

There are 14,440 low and moderate-income families within the bank's assessment area of which 4.4% are below the poverty level. The following table outlines the census tracts by income levels based on the 1990 Worcester, MA-CT MSA median Family Household Income (FHI) of \$42,220. Population and family households residing within the tracts are also detailed.

ASSESSMENT AREA DEMOGRAPHICS								
Census Tracts Income Levels	Number of Census Tracts		Population		Family Households		Low & Moderate Income Families	
	#	%	#	%	#	%	#	%
LOW	0	0.0	0	0.0	0	0.0	0	0.0
MODERATE	6	17.6	20,604	13.8	5,460	13.3	3,106	21.5
MIDDLE	26	76.6	122,138	81.4	33,741	82.3	10,970	76.0
UPPER	1	2.9	6,825	4.6	1,819	4.4	364	2.5
N/A	1	2.9	241	0.2	0	0.0	0	0.0
TOTAL	34	100.0	149,808	100.0	41,020	100.0	14,440	100.0

Source: 1990 Census Data

The distribution of occupied housing units corresponds to the general distribution of the population among the census tracts of different income levels. In the moderate-income geographies, owner occupants reside in 35.5% of the total occupied housing units within those tracts. In comparison, owner occupants in the middle income geographies reside in 72.7% of all occupied units within these tracts. Refer to the following table.

ASSESSMENT AREA HOUSING DATA*					
CENSUS TRACT INCOME LEVEL	TOTAL OCCUPIED HOUSING UNITS		OWNER- OCCUPIED UNITS	RENTAL UNITS	MEDIAN HOUSING VALUE
	#	%	%	%	
LOW	0	0.0%	0.0%	0.0%	\$0
MODERATE	8,568	15.6%	35.5%	64.5%	\$108,428
MIDDLE	43,984	79.9%	72.7%	27.3%	\$138,304
UPPER	2,467	4.5%	75.3%	24.7%	\$171,600
N/A	0	0.0%	0.0%	0.0%	\$0
TOTAL	55,019	100.0%			

Table B: * 1990 Census Data

The Warren Information Services compiles current home sale prices based on Worcester County Registry of Deeds transactions. The following table provides median home prices for Year to Date December 1999 and December 2000 in the six communities where the bank has its offices.

LOCATION	YTD 1999*	YTD 2000*
SOUTHBRIDGE	\$95,000	\$110,500
STURBRIDGE	\$139,000	\$146,000
AUBURN	\$129,000	\$144,900
CHARLTON	\$135,500	\$162,500
GRAFTON	\$172,000	\$189,000
UXBRIDGE	\$155,500	\$170,000

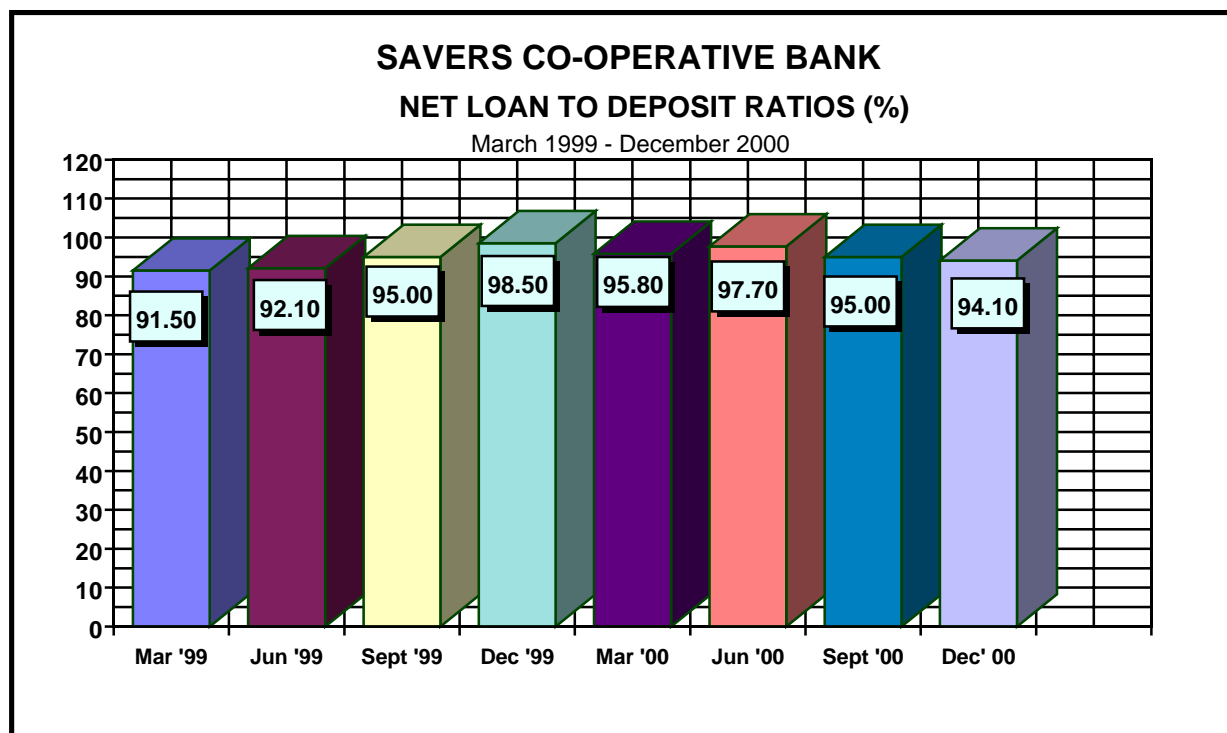
Table C: Source: Warren Information Services (Banker & Tradesman)

Overall, the above figures reflect an increase in home prices for the year 2000 over the 1999 levels.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

An analysis was conducted of the level and trend of the bank's net loan to deposit ratio. Based on data reported on FDIC call reports, the average net loan-to-deposit ratio for the period from March 31, 1999 to December 31, 2000 was 95.0 percent. The following graph depicts the loan to deposit ratio level and trend for the quarters reviewed.



The ratio of net loans to deposits demonstrated a steadily increasing trend in 1999 and a slightly declining trend in 2000. Loan growth for the eight quarters reviewed was 23.7 percent; however, loan growth during 2000 was 10.7 percent. Deposit growth for the period was 20.2 percent with a 15.8 percent growth in the year 2000. The overall positive trend indicates the bank's continued efforts to extend credit to its community.

Savers Co-operative Bank's net loan to deposit ratio was also compared to five other institutions within its assessment area. The following table provides the loan-to-deposit ratio for the other institutions and this bank as of September 30, 2000.

INSTITUTION	ASSET SIZE	*NET LTD RATIO
Unibank for Savings	\$406.3MI	61.5%
Webster First Federal Credit Union	\$303.5 MI	80.7%
Savers Co-operative Bank	\$244.7Mi	95.0%
Southbridge Savings Bank	\$236.7MI	86.3%
Millbury Federal Credit Union	\$132.4MI	74.9%
Southbridge Credit Union	\$131.7MI	64.7%

*Source: FDIC and NCUA Call Report data 9/30/00.

The bank's net loan to deposit ratio of 95.0 percent is significantly higher than the ratios for all of the other institutions reviewed. Given the bank's capacity to lend, its growth in lending activity and the credit needs of the assessment area, the bank's net loan to

deposit ratio is more than reasonable. The bank was found to exceed the standards for satisfactory performance for this criterion.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

An analysis was conducted of the bank's lending activity for 1999 and 2000 to determine the percentage of loans extended inside the bank's assessment area. The bank reports all residential loans granted on its Home Mortgage Disclosure Act-Loan Application Register (HMDA-LAR). HMDA reported loans include all home purchase mortgages, refinances of home purchases and home improvement loans.

The bank granted and/or purchased a total of 524 mortgage loans totaling \$62.3 million in the 24-month period reviewed. Lending activity inside the assessment area represented 66.4% (by number) and 59.2% (by dollar) of the total mortgage loans granted.

The following Table 2a details the bank's lending inside and outside its assessment area.

Residential Lending by Number and Dollar Volume*												
Location	1999				2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
Southbridge	47	13.5	3,750	9.9	23	12.9	2,233	9.3	70	13.3	5,983	9.6
Auburn	38	11.0	3,358	8.9	18	10.1	2,460	10.1	56	10.7	5,818	9.3
Sturbridge	32	9.2	4,306	11.3	13	7.3	998	4.1	45	8.6	5,304	8.5
Charlton	35	10.1	3,639	9.6	9	5.1	900	3.7	44	8.4	4,539	7.2
Grafton	32	9.2	3,976	10.4	3	1.7	389	1.6	35	6.7	4,365	7.0
Uxbridge	17	4.9	1,545	4.1	11	6.2	1,199	4.9	28	5.3	2,744	4.4
Douglas	7	2.0	797	2.1	10	5.6	1,013	4.2	17	3.2	1,810	2.9
Sutton	11	3.1	1,469	3.9	1	0.6	130	0.5	12	2.3	1,599	2.6
Northbridge	7	2.1	713	1.9	2	1.1	151	0.6	9	1.8	864	1.4
Oxford	5	1.5	478	1.2	4	2.2	502	2.1	9	1.8	980	1.6
Dudley	5	1.5	512	1.3	2	1.1	273	1.1	7	1.3	785	1.3
Millbury	5	1.5	543	1.4	1	0.6	90	0.4	6	1.1	633	1.0
Whitinsville	4	1.2	495	1.3	2	1.1	309	1.3	6	1.1	804	1.3
Webster	3	0.9	360	0.9	1	0.6	318	1.3	4	0.8	678	1.1
Total Inside	248	71.7	25,941	68.2	100	56.2	10,965	45.2	348	66.4	36,906	59.2
Outside	98	28.3	12,088	31.8	78	43.8	13,300	54.8	176	33.6	25,388	40.8
Grand Total	346	100%	38,029	100%	178	100%	24,255	100%	524	100%	62,294	100%

Table 2-a *Source: HMDA-LAR for 1999 and year-to-date (YTD) December 22, 2000.

According to the analysis the greatest number and dollar volume of mortgage loan originations occurred in the towns where the institution's branch offices are located. Residential loans granted in these municipalities (Southbridge, Auburn, Sturbridge,

Charlton, Grafton and Uxbridge) totaled 278 loans for \$28.8 million and accounted for 53.1 percent (by number) and 46.2 percent (by dollar volume) of loans granted.

The bank purchased 29 mortgage loans in 2000 as the volume of mortgage loans originated decreased. All but one of the purchased loans were located outside the institution's assessment area. Consequently, the volume of lending inside the assessment area declined in 2000 and for the combined years, in comparison to 1999 levels.

Based on the above analysis, the credit union originated the majority of its HMDA reportable loans inside its assessment area. Therefore, the credit union was found to meet the standards for satisfactory performance for this criterion.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The bank's HMDA reportable loans originated in 1999 and 2000 were analyzed to determine the distribution of loans among borrowers of different income levels. Loans were categorized by the ratio of the borrower's income to the HUD median family household income of the Worcester, MA-CT MSA, which was \$52,600 for 1999, and \$54,400 for 2000.

Low income is defined as income less than 50.0% of the median family household income level for the MSA. Moderate-income is defined as income between 50.0% to 79.0% of the median family household income level for the MSA. Middle-income is defined as income between 80.0% to 119.0% of the median family household income level for the MSA. Upper-income is defined as income of 120.0% or greater of the median family household income level for the MSA.

For the period reviewed, the bank granted 348 mortgages totaling \$369 million inside its assessment area. Of these loans, 16 (4.6% by number) totaling \$643,000 (1.7% by dollar amount) were granted to low-income borrowers. Moderate-income borrowers accounted for 49 loans (14.1% by number) totaling \$4 million (10.8% by dollar amount) were granted to moderate-income borrowers. Upper-income borrowers accounted for the largest portion of originations with 158 loans totaling \$21 million, representing 45.4% of the number and 57.0% of the dollar amount of the total mortgage loans originated. Refer to the following table.

RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER												
% Area Median Income	1999				2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
<50%	11	4.4	410	1.6	5	5	233	2.2	16	4.6	643	1.7
50 –79%	35	14.1	2,740	10.5	14	14.	1,248	11.4	49	14.1	3,988	10.8
80-119%	85	34.3	7,548	29.1	29	29.	2,846	25.9	114	32.7	10,394	28.2
120%>	112	45.2	14,804	57.1	46	46.	6,222	56.7	158	45.4	21,026	57.0
N/A	5	2.0	439	1.7	6	6.0	416	3.8	11	3.2	855	2.3
Total	248	100	25,941	100	100	100	10,965	100	348	100	36,906	100

Table 3-a: Source HMDA-LAR, 1999 and 2000.

The institution's distribution of mortgage originations by borrower income levels was also compared to the aggregate HMDA reported loan originations and to the distribution of family households by income levels within the assessment area. This comparison was based on aggregate HMDA data for 1999, the most recent data available. Comparison with the 1999 aggregate lenders' data indicates the level of lending opportunities that exist among borrowers of different income categories, while comparison with the assessment area's family demographics indicates the overall reasonableness of the lending patterns. Refer to the following table.

COMPARISON OF BANK'S LOAN DISTRIBUTION TO HMDA AGGREGATE DATA ¹										
BORROWER OR FAMILY INCOME LEVELS	**Family Households By income Levels		SAVERS CO-OPERATIVE BANK 1999				* 1999 AGGREGATE DATA			
			NUMBER OF LOANS		DOLLAR AMOUNT		NUMBER OF LOANS		DOLLAR AMOUNT	
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
Low (<50%)	7,125	17.4	11	4.4	410	1.6	268	3.5	15,146	1.8
Moderate (50-79%)	7,315	17.8	35	14.1	2,740	10.5	1,221	15.7	99,632	11.7
Middle (80-119%)	11,219	27.4	85	34.3	7,548	29.1	2,133	27.4	209,884	24.8
Upper (120%&>)	15,361	37.4	112	45.2	14,804	57.1	2,910	37.5	378,940	44.7
NA (Not Available)	0	0.0	5	2.0	439	1.7	1,236	15.9	143,610	16.9
TOTAL	41,020	100	248	100	25,941	100	7,768	100	847,212	100

Table 3-b: Source: ** 1990 Census Data; *HMDA/LAR Data ¹©PC! Services, Inc. CRA WIZ

According to this analysis, Savers Co-operative Bank's distribution of loans among borrowers of different income levels is reasonably comparable to the distribution of all other lenders that originated loans inside the assessment area. Savers Co-operative Bank granted 18.5% by number and 12.1% by dollar amount of its HMDA-reportable loans to low and moderate-income borrowers. By comparison, the aggregate granted 19.2% by number and 13.5% by dollar amount of HMDA-reportable loans to low and moderate-income borrowers.

In summary, Savers Co-operative Bank's residential lending demonstrates a solid distribution of loans granted to low-income and moderate-income borrowers. The borrower income distribution, taken as a whole compares favorably to both the assessment area's family household demographics and to the aggregate HMDA lenders' performance. Therefore, Savers Co-operative Bank meets the standards for a satisfactory performance for this criterion.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's HMDA reportable loans were further analyzed to determine their distribution among geographies of different income levels. As mentioned in the performance context, the majority of the census tracts within the bank's assessment area (76.6%) are middle-income. Moderate-income census tracts account for 17.6% of the census tracts within the assessment area. There are no low-income census tracts in the bank's assessment area.

According to the analysis, the bank granted 83.6% of its HMDA reportable loans by number and 84.0% by dollar amount in middle-income census tracts. Moderate-income census tracts accounted for 9.2% by number and 6.9% by dollar amount during the period reviewed. Refer to the following table for the bank's distribution of residential loans among census tracts of different income levels.

Residential Loans Originated By Census Tract *												
Census Tract Income Level	1999				2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
LOW	0	0	0	0	0	0	0	0	0	0	0	0
MODERATE	19	7.7	1,440	5.5	13	13.0	1,091	10.0	32	9.2	2,531	6.9
MIDDLE	206	83.0	21,417	82.6	85	85.0	9,585	87.4	291	83.6	31,002	84.0
UPPER	23	9.3	3,084	11.9	2	2.0	289	2.6	25	7.2	3,373	9.1
N/A	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	248	100	25,941	100	100	100	10,965	100	348	100	36,906	100

Table 4-a: Source HMDA-LAR, 1999 and 2000.

Savers Co-operative Bank's geographic distribution of loans was also compared to the aggregate distribution for all other HMDA lenders and to the distribution of 1-4 family owner occupied dwellings within the assessment area. Refer to the following table.

COMPARISON OF CENSUS TRACT DISTRIBUTION TO AGGREGATE DATA¹										
CENSUS TRACT INCOME CATEGORY	1-4 FAMILY		SAVERS CO-OPERATIVE BANK 1999**				**1999 AGGREGATE DATA			
	OWNER-OCCUPIED		NUMBER OF LOANS		DOLLAR AMOUNT		NUMBER OF LOANS		DOLLAR AMOUNT	
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
LOW	0	0.0	0	0.0	0	0.0	0	0	0	0
MODERATE	3,045	8.3	19	7.7	1,440	5.5	446	5.7	35,063	4.2
MIDDLE	31,963	86.7	206	83.0	21,417	82.6	6,634	85.4	716,293	84.5
UPPER	1,858	5.0	23	9.3	3,084	11.9	683	8.8	95,212	11.2
NA	0	0	0	0.0	0	0	5	0.1	644	0.1
TOTAL	36,866	100	248	100	25,941	100	7,768	100	847,212	100

Table 4-b: source: *1990 Census Data, *HMDA/LAR Data ¹©PC! Services, Inc. CRA WIZ

The bank's lending within the moderate-income census tracts (7.7% by number and 5.5% by dollar) is somewhat above the aggregate lenders' distribution of loans (5.7% by number and 4.2% by dollars) within the moderate-income tracts. The bank's distribution of loans within the middle tracts (83.0% by number and 82.6% by dollar amount) is somewhat below the aggregate distribution of loans (85.4% by number and 84.5% by dollars) within the middle income tracts.

Given the assessment area's housing demographics and HMDA aggregate lenders' performance, Savers Co-operative Bank's distribution of loans among census tracts of different income levels is reasonable and meets the standards for satisfactory performance.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Savers Co-operative Bank received no CRA related complaints in the period under review. The bank's loan policy incorporates the language of the Equal Credit Opportunity Act (ECOA)/Regulation B in prohibiting all illegal discrimination in conducting its lending activities. In addition, the bank has adopted a "Fair Lending and Compliance Policy" that conforms to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101.

The following details the bank's fair lending performance as it relates to the guidelines outlined in Regulatory Bulletin 2.3-101.

STAFF TRAINING, COMPOSITION AND COMPENSATION

A fair lending course was completed in March 1999 by loan originators and the bank's underwriter. Savers Co-operative Bank subscribes to the Bankers' Video Service for all its training courses and materials. Upon completing the course, participants take a brief test, which gives feedback on their retention/understanding of the material presented. The

bank's lending department requires that its staff take a fair lending course review every 18 to 24 months.

Savers Co-operative Bank employs a total of 103 individuals, 5 of who are minorities. Staff responsible for loan originations are not compensated on a commission basis and are encouraged to make loans of all dollar amounts.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The board of directors annually reviews/approves the bank's loan policy, which includes credit underwriting guidelines and procedures. In addition, the bank's senior management reviews credit products and policies on an on-going basis and makes recommendations as needed.

As a portfolio mortgage lender, the bank offers a 15 year and 30 year fixed rate mortgage product. The institution also offers adjustable rate mortgage (ARM) products including 1-year and 3-year adjustable and a 5/1fixed/adjustable mortgage with a maximum term of 30 years. On a 1-2 family owner occupied property, the bank offers up to 95% Loan-to-Value (LTV) for all purchases and refinances with "no cash out". On a 3 or 4 family owner-occupied dwelling, the bank extends loans up to 90% of the value. The bank's mortgage loan underwriting generally utilizes the qualifying ratios of 28%/36%.

Additionally, Savers Co-operative Bank offers a first time homebuyer mortgage program for purchase or construction of a single-family dwelling. This program offers a maximum LTV of 97%, a 30 year maximum term and expanded qualifying ratios of 33%/38% for housing and total indebtedness, respectively. Savers Co-operative Bank pays the application and appraisal fees. The program has an annual income cap of \$58,650. Private mortgage insurance (PMI) is required for all the bank's mortgage product offerings where the loan to value is in excess of 80%. The bank granted 21 first time homebuyer mortgages in year 2000 totaling \$2.3 million.

The institution's commercial loan offerings include secured and unsecured lines of credit, term loans and commercial mortgages. Savers Co-operative Bank is an approved SBA (Small Business Administration) lender utilizing the 7(a) and the "Low Doc" loan programs to assist small businesses. The maximum loan amount under the Low Doc program is \$150,000. The 7(a) program has no maximum loan amount and a maximum SBA guaranty up to \$1,000,000. These loan programs make the credit extension possible by offering surety through an SBA guaranty. The bank had 5 SBA loans totaling \$412,000 at the time of this review. Additionally, the bank is a participant lender in the Greater Blackstone Valley Community Loan Program. This is a revolving loan pool funded by five participating banks. The maximum loan amount under the program is \$15,000 and each participant bank holds 20% of the loan granted. Savers Co-operative Bank's share of the outstanding loans in the Community Loan Program totaled \$37,000 as of January 31, 2001.

The bank offers an auto loan product (new or used vehicles) financing up to 100% of value based on the lower of the sales price or NADA book value. The institution recently started to provide an auto loan pre-approval service.

CREDIT EDUCATION AND COUNSELING

Savers Co-operative Bank does not offer an in-house first time homebuyer education seminar. The bank has a mortgage pre-approval program, which assists potential homebuyers in determining how much house they can afford. The bank regularly refers borrowers with credit problems to the Springfield office of Consumer Credit Counseling of Southern New England.

SECOND REVIEW PRACTICES AND INTERNAL CONTROLS

The bank's senior lending officer reviews all denied mortgage applications before the adverse action notice is sent to the applicant. In addition, the security committee also reviews all denied mortgage applications, however, this review occurs after the adverse action notice is sent.

The second review process serves as the bank's primary means of detecting any potential discriminatory practices and consequently, the bank's primary internal control procedures for monitoring its own fair lending practices.

MINORITY APPLICATION FLOW

The number of applications received from minority applicants was reviewed. For the years 1999 and 2000, the bank received a total of 16 mortgage applications from various minority groups, representing 3.9% of all residential loan applications received from within the bank's assessment area. The HMDA aggregate lenders in 1999 attracted 338 minority applicants, representing 2.9% of all the residential applications received. Savers Co-operative Bank's minority applicants represented 2.7% of all applicants in 1999, corresponding reasonably to the aggregate lenders' performance. The following table provides further details.

MINORITY APPLICATION FLOW*								
RACE	AGGREGATE 1999 DATA		BANK 1999		BANK 2000		TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	24	0.2	0	0.0	1	0.9	1	0.2
<i>Asian</i>	69	0.6	3	1.0	1	0.9	4	1.0
<i>Black</i>	46	0.4	0	0.0	0	0.0	0	0.0
<i>Hispanic</i>	140	1.2	4	1.4	6	5.2	10	2.5
<i>Other</i>	59	0.5	1	0.3	0	0.0	1	0.2
TOTAL MINORITY	338	2.9	8	2.7	8	6.9	16	3.9
White	7,851	67.9	278	97.3	108	93.1	386	96.1
NA	3,372	29.2	0	0.0	0	0.0	0	0.0
TOTAL	11,561	100.0	286	100.0	116	100.0	402	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

The institution's minority application flow was also compared to the assessment area's racial composition. As of the 1990 U.S. Census, the assessment area population was 149,808 of which 5,627 individuals or 3.8% were members of a racial minority. The assessment area's minority population is Native American (0.2%), Asian (0.8%), Black (0.5%), Hispanic (2.3%) and Other (0.03%). The racial composition and HMDA aggregate comparison demonstrates overall that the bank's level of attracting minority applicants is reasonable.

CONCLUSION

Savers Co-operative Bank's record of implementing and developing fair lending policies and practices is rated "satisfactory". This rating is based on credit products designed to meet the assessment area credit needs; efforts to review all denied mortgage loan applications to ensure fairness in the underwriting and loan application process; regular training programs for staff regarding compliance with fair lending laws; and regular efforts to counsel applicants and to refer applicants to credit counseling.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

SAVERS CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **MARCH 13, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.